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SUBJECT: EU TREATY OF LISBON - THE ROAD AHEAD

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SUMMARY

¶1. (SBU) When EU leaders clink champagne glasses over the Treaty of Lisbon on December 13, the mood will be celebratory. Do not be deceived, however: in many ways, the real work and political maneuvering will be just beginning. Over the next year, the member states and institutions will have their hands full making the words a reality. This will in fact be a multi-pronged process -- completing national ratifications, beginning technical implementation merging EU foreign policy power and resources, and competing for new top leadership spots. Beginning December 14, and continuing through 2008, the gargantuan political and bureaucratic effort will distract EU officials from other work. Getting it all done in a year will not be easy, but there should be enough collective pressure to ensure everything is settled before the next round of European elections in the summer of 2009.

¶2. (SBU) Member state ratification -- particularly in more euro-skeptic countries like the UK -- will be the focus in the first half of 2008. This could suck the oxygen out of every other policy debate in member states where a referendum is a possibility. In the second half of the year, France -- as EU President -- will shape and drive the race for leadership positions and key treaty implementation decisions. Meanwhile, the UK, Germany, and others will go on high alert to check the French EU Presidency's influence if its interests do not coincide with their own.

¶3. (SBU) The treaty's signing marks the beginning of what is sure to be a bloody political battle for EU power and resources that will pre-occupy the EU into early 2009. The EU that emerges from this process -- for better or for worse -- will affect the conduct of our European diplomacy for the foreseeable future. Consequently, it is worth our while to pay attention; seemingly minor institutional and legal changes could have major implications for the conduct of US-EU relations. End Summary.

INTRODUCTION TO FIRST IN A SERIES

¶4. (SBU) This message is the first in a series that will put the treaty's provisions in perspective and describe their impact on the United States' relations with the EU, building on previous USEU reporting on this subject (REFTELS). Later messages will focus more specifically on changes in foreign policy, defense, justice and home affairs, economic policy, the role of the European Parliament and national parliaments, the removal of the pillar structure, the EU's legal personality, and the EU's presence in international organizations.

15. (SBU) In order to understand the Treaty of Lisbon, one must read it side by side with the two treaties that it amends -- the Treaty on the European Union (TEU) and the Treaty establishing the European Community (TEC). In total, this equates to hundreds of pages of text -- hard to read, let alone understand. Under the Treaty of Lisbon, the TEU will keep its name, but the TEC will be called the Treaty on the Functioning of the Union (TFU). The EU will thus have two basic treaties:

-- The TEU will contain most of the institutional provisions.

-- The TFU will contain provisions on specific EU policies, with implementing modalities and mechanisms.

Once the Treaty of Lisbon has been signed and ratified, its provisions will be integrated into the above texts.

Further adding to its bulk, the Treaty of Lisbon will contain a number of Protocols -- which have the same legal value as the Treaty -- and Declarations -- the content and practical significance of which will vary.

RATIFICATION DEADLINE LOOMS
(First Half 2008)

16. (SBU) The Treaty of Lisbon must be ratified by all 27 EU Member States. Each country decides how it will ratify the treaty, in accordance with its constitution. EU officials expect a mostly cut and dried process here, with the exceptions of UK and Ireland. While Ireland is the only member state required to hold a referendum, most of the EU's referendum angst centers on the UK. Brussels fears that British Conservatives will force HMG to hold a referendum -- which by most counts would fail. The treaty is intended to enter into force on January 1, 2009. Since the ratification process by all EU countries normally takes at least 18 months, that target date may be overly optimistic. Nevertheless, EU leaders will be eager not to let the date slip by more than a few months.

PREPARING FOR LAUNCH
(April 2008 onward)

17. (SBU) EU officials in Brussels have begun quiet preparations for implementing the treaty. Once the ratification train is on track, however, officials in the institutions will feel more comfortable going public with their preparations. Contacts say that should happen in April or May 2008, by which point UK Prime Minister Gordon Brown is hoped to have ratified the treaty in the UK and by which time a critical mass of other member state ratifications should have taken place as well. Treaty implementation tasks will span about 40 different areas. Discussions on some more sensitive areas such as defense are likely to be delayed until later in the year in order to get past critical ratifications or to be entrusted to the French presidency's management. It is hard to overstate how much time these preparations will require of our contacts throughout the EU institutions.

CREATING A NEW EXTERNAL SERVICE
(All of 2008)

18. (SBU) Standing up a new EU External Action Service (i.e., diplomatic corps) may prove to be the most technically demanding and politically bruising task for the EU in 2008. We expect to see three simultaneous and sometimes overlapping battles: for jobs, control of resources, and control of the agenda.

-- Jobs: the new external service will merge personnel from the Commission, Council Secretariat, and member states. The extent of the merger remains to be decided - it will definitely include the Commission's External Relations RELEX DG and the Council Secretariat's regional teams, but may also involve parts of DGs

place their own diplomats in key positions. Contacts in Brussels and capitals will likely find themselves lobbying for jobs.

-- Resources: Council Secretariat contacts are eager to get their hands on the Commission's resources, which this "double hatting" implies. The Commission will fight back to make sure it pockets some resource gains as well.

-- Agenda: The new High Rep will chair the EU Foreign Ministers' meetings and the High Rep's representative will run the Political and Security Committee. Leadership has yet to be determined for many other important EU committees. To be sure, member states will vie with institutions for control of these committees because chairs will have the power to shape the agenda and direct the debate.

JOCKEYING FOR NEW TOP SPOTS (Summer - Fall 2008)

¶9. (SBU) At the political level, we expect in the second half of 2008 a fierce race for two new foreign policy jobs created by the treaty: 1) new Permanent President of the European Council and 2) High Representative of the Union for Foreign Affairs and Security Policy. The latter position merges the current policy role of Solana, the resources of DG RELEX Commissioner Ferrero Waldner, and the chairmanship of the monthly EU Foreign Ministers' meetings. EU leaders may well try to make appointment decisions for these two jobs at the same time they consider who may fill the other leadership posts, including Commission President and European Parliament President.

¶10. (SBU) The negotiation of a package could somewhat ease the political calculus which must balance geographical distribution, political affiliations, and big versus small countries. Personal chemistry between candidates will also be a factor. The choice of the future job-holders -- new and old, Barroso being a likely candidate for a second term at the Commission's helm -- will affect the way the new mandates are perceived and actually performed. The European Parliament, for its part, will be anxious to protect and enhance its prerogatives in the selection of nominees. This contest will color the activities, appetite for risk, cultivation of image, and so on, of those vying for the jobs over the next year or so. While some, such as Swedish FM Carl Bildt, have already launched their campaigns, the race will only heat up.

ROLE OF THE EU PRESIDENCIES

¶11. (SBU) Slovenia, as EU President for the first half of 2008, is widely expected to take a low profile on treaty-related issues, mainly acting as a neutral broker. In sharp contrast, France -- led by a charismatic and Euro-ambitious Sarkozy -- will play a leading role during its EU presidency (June - December 2008). In addition to fully launching the "name game" for top posts, the French will run any meetings of the 27 that make decisions related to implementation of the treaty. In this regard, we expect the French to have a strong hand in deciding new rules of procedure as well as the appointment of key foreign policy committee chairs -- in essence how the new EU power structure will look and run.

COMMENT: IS THIS THE LAST EU TREATY?

¶12. (SBU) The signing of the Treaty of Lisbon marks the end of a seven-year saga defined by the lofty debate on the Future of Europe, the stunning failure of the 2004 draft Constitutional treaty, and the refashioning of a weak EU consensus for reform in 2007. As the end result, the Treaty of Lisbon was obtained at the price of a two-fold paradox:

-- A project originally aimed at simplification of the treaties, a clearer delineation of EU competencies, and a more user-friendly reference document on European integration has ended with the adoption of a text even more opaque than its predecessors.

-- Plans of leaders in the early 2000s to lay the political foundation for a confederal EU - the grand leap forward neatly symbolized by the word "constitution" - have given way to a

widespread desire to complete the swiftest possible ratification of the treaty and move on.

Despite the "success" of the Lisbon treaty, the cost has been high, not only in time wasted, but in the severe blow that the initial failure dealt to the European project. As a result, the reality is that the Lisbon Treaty is likely to be the last major reform of the EU for the foreseeable future. End Comment.

MURRAY